

Justice Department Said to Delay Inquiry on Contras, U.S. Backers

Sources Say Aides Warned FBI Probe Might Harm 'Delicate' Hostage Talks

By ANDY RASZTOR

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Senior Justice Department officials in October or early November sidetracked an investigation of the Nicaraguan Contras and their American backers, citing "delicate hostage negotiations" in the Middle East, law enforcement officials said.

The Federal Bureau of Investigation began the inquiry after a cargo plane carrying supplies for the rebels was shot down Oct. 5 in Nicaragua and one of its American crew members was taken prisoner. But within a few weeks, according to law enforcement officials, the FBI agreed to a temporary delay of the investigation at the request of superiors at the Justice Department, who warned that the Contra probe could endanger the lives of hostages in the Middle East.

The delay, which is being scrutinized by congressional investigators, raises new questions about how much Attorney General Edwin Meese and other Justice Department officials may have known, or suspected, about connections between the Nicaraguan rebels and U.S. diplomatic initiatives and arms sales to Iran to free the hostages.

Mr. Meese has said that he and other Justice Department officials didn't suspect until the weekend of Nov. 22-23 that profits from secret arms sales to Iran had been diverted to the Nicaraguan insurgents while U.S. government aid to the Contras was banned by law.

A Justice Department spokesman said he wasn't aware of a delay. Mr. Meese couldn't be reached for comment.

One law enforcement official said the FBI's preliminary investigation was "placed in neutral for a limited period of time." He declined to specify the length of the delay or the Justice Department officials who urged such action.

In the past few weeks, the investigation has been stepped up and a federal grand jury in Miami, with the assistance of FBI investigators, has begun looking into the activities of some of the Contra groups and their U.S. backers, Justice Department officials said. Officials said the grand jury also is investigating the operations of Miami-based Southern Air Transport, a cargo carrier that has been linked to arms ship-

ments to Iran and efforts to supply weapons to Nicaraguan rebels.

Congressional and Justice Department investigators now suspect that the airline, which was controlled by the Central Intelligence Agency in the early 1970s, was part of an aerial resupply operation to aid the Contras, run by retired Air Force Maj. Gen. Richard Secord. The activities of Gen. Secord also are a major part of the FBI's investigation of whether profits from the Iranian arms sales were diverted to the Contras.

Spokesmen for the airline couldn't be reached for comment last night.

The Reagan administration's approaches toward Iran have ensnared the White House in a web of covert operations and shadowy networks (see story on back page).

One official familiar with the request to hold off the investigation stressed that it was made around the time "when one of the hostages (in the Middle East) was released and negotiations for the release of another fell through."

Officials said the request applied only to the Southern Air investigation. They said they don't expect that the short delay will have hampered the investigation in the long run. But the unusual request rang alarm bells at the FBI, according to senior officials who were involved, and prompted a series of discussions between the bureau and Justice Department officials.

The officials wouldn't say whether FBI director William Webster personally was involved in those talks. Current and former FBI officials speculated, however, that such an unusual and unexpected request most likely would have gone to his office. The bureau declined to comment on the matter.

Mr. Webster has said he found out about the diversion of profits from the arms sales to the Contras only when Mr. Meese announced it at a news conference last month. But for several weeks, FBI officials have complained privately that the Justice Department tried to minimize the importance of the Southern Air investigation and discouraged the use of additional resources.

Assistant Attorney General William Weld, the head of the Justice Department's Criminal Division, told a group of reporters at the end of October that the FBI's preliminary inquiry into the plane crash in Nicaragua and the facts surrounding it "hasn't disclosed a violation of American law." Mr. Weld didn't elaborate, but in response to questions he said, "Sometimes inquiries go on and sometimes they don't." FBI officials said at the time

that it was too early to say that violations hadn't occurred.

Justice Department spokesman Patrick Korten said yesterday that neither Mr. Weld nor any other Criminal Division attorneys, who routinely would have handled the Southern Air matter, requested any kind of delay in the FBI's investigation. Law enforcement officials said the request came from a higher level in the department.

Both the Senate and House judiciary committees are investigating whether Justice Department officials may have improperly influenced the FBI's inquiry.

Rep. John Conyers (D., Mich.), chairman of a Judiciary subcommittee looking into the matter, said through a spokesman yesterday that a delay "raises serious questions about the way evidence of criminal activity was investigated by the department."

Meanwhile, Rep. Peter Rodino (D., N.J.), the chairman of the parent Judiciary Committee, sent a seven-page letter to Justice Department officials requesting all internal memos, decision papers and other documents dealing with legal advice Mr. Meese gave to the White House about the arms sales to Iran, and how Justice Department attorneys conducted their inquiry after Mr. Meese said he first suspected that funds had been diverted.

As soon as Mr. Meese began a full-scale criminal investigation of the funds diversion, he brought in the FBI. At that point, FBI officials say they started an internal review of how the preliminary inquiry into Southern Air was handled. The independent prosecutor slated to take over investigation of the Iran-Contra connections also is likely to delve into the question of the delay requested by Justice Department officials.